

COMMONWEALTH OF KENTUCKY
BEFORE THE ENERGY REGULATORY COMMISSION

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In the Matter of:

THE APPLICATION OF THE ELAM UTILITY)
COMPANY FOR PURCHASED GAS ADJUSTMENT) CASE NO. 7601-B
OF RATES)

O R D E R

On January 30, 1980, Columbia Gas Transmission Corporation (Transmission) filed with the Federal Energy Regulatory Commission (FERC) at Docket No. TA80-1-21 (PGA 80-2, IPR 80-2 & LFUT 80-1) revised tariff sheets to its FERC Gas Tariff, Original Volume No. 1. Columbia has placed an effective date of March 1, 1980, upon the effected tariff sheets. This Commission has no jurisdiction in that case.

On November 9, 1978, the President of the United States signed into law the Natural Gas Policy Act of 1978, which established significantly higher rates for producers of certain categories of natural gas. This federal legislation has resulted in higher gas costs to interstate pipeline companies serving the various gas consuming states, including Kentucky. Once the FERC approves the right of these interstate transmission companies to pass this increased cost on to its distribution company customers, state commissions must, in turn, pass on the matter of intrastate distributions recovering their increased cost of gas by adjusting their basic rates to their customers.

On January 9, 1980, this Commission issued an Interim Order in Case No. 7601 approving certain adjustments in rates and providing under certain conditions for the further adjustment of such rates when the wholesale cost of gas is increased or decreased.

On February 7, 1980, the Applicant, Elam Utility Company, notified the Commission that its wholesale cost of gas would be increased by its supplier, Columbia Gas Transmission Corporation (Transmission), effective March 1, 1980, and submitted with its

Notice certain information in compliance with this Commission's Order of January 9, 1980. The Notice set out certain revisions in rates which the Applicant proposed to place in effect, said rates being designed to pass on the wholesale purchase price from its supplier in the amount of \$6,601.21.

After reviewing this evidence of record and being advised, the Commission is of the opinion and finds:

1. The Commission has long stated (in writing to FERC) its opposition to the procedures and regulations used by the Federal Energy Regulatory agency in approving these supplier increases. We continue to be opposed and are continuing to seek alternative ways to overcome the regulatory inequities which have such a direct impact on the retail consumers.

2. The Federal Energy Regulatory Commission approval of a wholesale rate increase to a Kentucky gas retailer requires approval by the Commission of rates that will permit the Kentucky utility to adjust its customer charges to reflect the added purchase cost, or alternately the utility must absorb the added cost. We are of the opinion that failure to allow this increase to be passed through to its retail consumers on a timely basis would be unjust to the Company and would ultimately result in higher rates to their consumers in any event.

3. When the FERC "accepts" Transmission's filing, Transmission will begin charging the Applicant the new rates. This Order cannot be implemented until and unless this occurs.

4. That the Applicant's supplier, Transmission, has filed with the FERC for increased rates to become effective March 1, 1980.

5. That this increase reflects Transmission's rates as filed with FERC on January 30, 1980, and to be effective March 1, 1980.

6. That the Commission should allow the Applicant to place into effect, subject to refund, the rates set out in Appendix "A" as soon as the Columbia filing is "accepted" by FERC.

7. That the Applicant's adjustment in rates under the Purchased Gas Adjustment Clause approved by the Commission in its Order in Case No. 7601 dated January 9, 1980, is fair, just, and reasonable, in the public interest, and should be effective with gas supplied on and after the date the increased cost of wholesale gas becomes effective.

IT IS THEREFORE ORDERED that said Purchased Gas Adjustment sought by the Applicant and adjusted as aforesaid mentioned be and the same is hereby approved to be effective subject to refund, with gas supplied on and after the date the increased cost of wholesale gas becomes effective ("acceptance" by FERC) as set out in Appendix "A" attached hereto and made a part hereof.

IT IS FURTHER ORDERED that Elam Utility Company shall maintain its records in such manner as will enable it, or the Commission, or any of its customers to determine the amount to be refunded and to whom due in the event a refund is ordered by the Commission.

IT IS FURTHER ORDERED that for the purpose of the future application of the Purchased Gas Adjustment Clause of the Applicant the Base Rate for purchased gas shall be:

Commodity

Columbia Gas Transmission Corporation

Schedule SGS

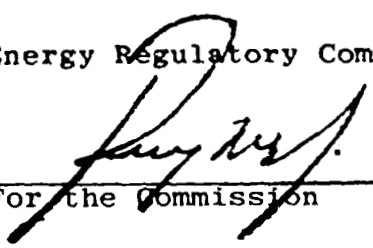
\$2.6420 per MCF

IT IS FURTHER ORDERED that the information furnished this Commission by Applicant on February 7, 1980, constitutes full compliance with the Commission's Order in Case No. 7601 and any other information ordinarily required to be filed under the Commission's Regulations is hereby waived.

IT IS FURTHER ORDERED that within thirty (30) days after the date the increased cost of wholesale gas becomes effective, Applicant shall file with this Commission its revised tariff sheets setting out the rates approved herein.

Done at Frankfort, Kentucky, this the 6th day of March, 1980.

Energy Regulatory Commission


For the Commission

ATTEST:

Secretary

APPENDIX "A"

APPENDIX TO AN ORDER OF THE ENERGY REGULATORY
COMMISSION IN CASE NO. 7601-B DATED MARCH 6, 1980.

The following rates are prescribed for the customers in the area served by Elam Utility Company. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of the Commission prior to the date of this Order.

RATES: Monthly

First	1,000 Cu. Ft. or Less Per Month	\$7.3013
Next	10,000 Cu. Ft.	4.8963 per MCF
Next	10,000 Cu. Ft.	4.8263 per MCF
Next	19,000 Cu. Ft.	4.7663 per MCF
Next	460,000 Cu. Ft.	4.6963 per MCF
Over	500,000 Cu. Ft.	4.5563 per MCF